RAJYA SABHA

Thursday, the Ylth August, 200026 *Sravana,* 1922 *(Saka)*

The House met at eleven of the clock, MR. CHAIRMAN in the Chair.

ORAL ANSWERS TO QUESTIONS

Special schemes for development of Srikakulam and Mahebubnagar districts in Andhra Pradesh

*341. SHRI SOLIPETA RAMACHANDRA REDDY: Will the PRIME MINISTER be pleased to state:

(a) whether Srikakulam and Mahebubnagar districts in Andhra Pradesh are among the 123 industrially backward districts in the country; and

(b) if so, the special schemes envisaged for development of these districts?

THE MINISTER OF STATE IN THE MINISTRY OF PLANNING, PROGRAMME IMPLEMENTATION, ADMINISTRATIVE REFORMS PUBLIC GRIEVANCES AND MINISTER OF STATE OF THE DEPARTMENT OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) and (b) A statement is laid on the Table of the House.

Statement

(a) Ministry of Finance, Department of Revenue had vide Notification No. S.O. 714 (E), dated 7.10.1997 declared 123 industrially backward districts in the country. These are classified as category 'A' and category 'B' for grant of tax concessions under the income Tax Act. 1961. Srikakulam and Mahebubnagar districts of Andhra Pradesh have been declared as category 'B' industrially backward districts under the said notification.

(b) Under Section 80-IB of the Income Tax Act, an industrial undertaking which begins to manufacture or produce an article or

things or to operate plants in these districts, any time after 1.10.1994 but before 31.3.2000, is allowed a tax holiday of three years and thereafter a deduction of 25 per cent (30 per cent in case of a company) of the profits and gains for a period of another five years. The total period for availing the deduction is eight consecutive assessment years for all classes of assessccs, except cooperative societies. In the latter case, the deductions are allowed upto twelve consecutive years.

The two districts are also covered under the Prime Minister's Rozgar Yojana Scheme. Apart from this, a scheme under the National Programme on Rural Industrialisation is being implemented in the Srikakulam District.

SHRI SOLIPETA RAMACHANDRA REDDY: Sir, the hon. Minister has stated in his reply that the Government of India, through a *G.O.* on 7th October, 1997, has declared 123 districts as industrially backward in the country, including Srikakulam and Mchboobnagar districts of Andhra Pradesh. Sir, Srikakulam and Mehboobnagar districts are included in category 'B\ and according to the reply of the hon. Minister, some districts arc included in category 'A'. I would like to know from the hon. Minister as to^vhat arc the criteria for such categorisation. And why have Srikakulam and Mehboobnagar districts of Andhra Pradesh not been included in category 'A'? Sir, the hon. Minister has stated in his reply that under Section 80-IB of the Income Tax Act, an industrial undertaking which begins to manufacture or produce an article or things or to operate plants in these districts, any time after 1st October, 1994, is allowed a deduction of 25 per cent in income-tax. However, Sir, three years have passed since this G.O. was issued, but everything is on papers, and nothing has been done by the Government to fulfil the expectations of the people. Therefore, I would like to know from the hon. Minister as to how many industries have been started after this declaration in Srikakulam and Mehboobnagar districts. I would also like to know as to what arc the reasons for the industries not coming up there as per the expectation and what remedial measures have been taken by the Government in this regard.

SHRI ARUN SHOURIE: Sir, as far as the first part of the

supplementary is concerned, a Committee had been set up in 1994, and a notification was issued in 1997 for classification and indentification of the most backward districts. The hon. Member has just noticed that there were 123 districts which have been identified in this way. Sir, as far as category 'A' is concerned, three sets of criteria were used to identify these types of districts, and they were: (a) financial; (b) infrastructural; and (c) industrial backwardness. In the financial criteria, two things were taken into consideration, and they were: (a) *per capita* credit by scheduled commercial banks; and (b) *per capita* deposits in them in that district. In each case, these were compared to the ail-India *per capita* averages. In infrastructural criteria, four things were taken into consideration, and they were: (a) urban population as a percentage of total population; (b) phones *per* thousand; (c) *per capita* power consumption; and (d) roads per thousand square kilometres of the area of the district. In industrial criteria, there were two things, one was workers registered in factories per thousand of the population and the other was *per capita* gross value added in manufacturing in that district. In each instance, these were compared to all-India averages and then the classifications were made. The total all-India figures on the given weights came to 1500 basic points. The districts which had 250 or less points were identified as category 'A' districts. They turned out to be 53 districts in the country. The districts which scored between 250 and 500 points were classified as category 'B' districts and as the hon. Member has rightly mentioned, there were 70 districts which fell in this cateogy. Two of them were Srikakulam and Mehboobnagar districts of Andhra Pradesh which scored 452 and 461 points repsectively. Sir, these were the reasons. There have been about 9 central committees to identify districts of this kind. As far as the Tax Incentive Scheme is concerned, this was the method by which it was done.

Sir, the second part of the hon. Member's supplementary was regarding the impact of this scheme on the specific units. Actually, I do not have the figures from 1997 when the scheme came into operation. However, I have figures, which the Andhra Pradesh Government has given, of the special incentives, including these incentives, which have been given over the last ten years and what

has been their consequence. They have said that 947 units have come up in Srikakulam, with a total investment of Rs. 452 crores. In Mahcboobnagar, they have said, 7,588 units have come up, with an investment of Rs. 382 crores. In these two districts, the units have availed of incentives to the extent of Rs. 21 crores and Rs. 19 crores, respectively.

SHRI SOLIPETA RAMACHANDRA REDDY: Sir, the Minister has been kind enough to mention about the backwardness. He has also mentioned that the two districts were covered under the Prime Minister's Rozgar Yojana and that the National Rural Industrialisation Programme was also being implemented. Sir, the reply covers only the tax aspect. My intention is to enquire about the provision for the development of the backward districts of Andhra Pradesh. I want to know how much loan has been granted by the World Bank to remove this backwardness, to fund the poverty-alleviation projects of Andhra Pradesh and when it is to be released by the Central Government for being utilised in the said backward districts.

SHRI ARUN SHOURIE: Sir, about the question as to how much has been given by the World Bank to Andhra Pradesh for the removal of backwardness in these districts, I will obtain the information and supply it to the hon. Member.

About the general schemes that he has asked for, there arc seven such schemes that arc in operation, one is the Tax Incentive Scheme.

The second is about setting up of Growth Centres. This scheme is in operation since 1981. The Government has decided to set up 71 Growth Centres, costing Rs. 25 crores to Rs. 30 crores in each case. Four of these arc in Andhra. Work is going on in four of them. One Centre is already working in Vijayanagaram.

The third scheme is about setting up of the Integrated Infrastructural development Centres. Forty-six of these arc to be set up, at a cost of Rs. 5 crores each. Five of these are located in Andhra.

The fourth is the National Programme for Rural Industrialisation

that was announced by the Finance Minister about two years ago. A hundred clusters are to be developed every year. Three of these are in Andhra.

There are other schemes for backward areas. These do not apply to Andhra. These are the transport subsidy scheme, the capital investment subsidy scheme and the Central interest subsidy scheme.

Finally, the eighth scheme is the PM's Rozgar Yojana, in which a total of Rs. 5,000 crores are to be put in. Rs. 2,500 crores are for rural roads, and Rs. 2,500 crores *for* five other components—drinking water, health, primary education, rural housing and nutrition. The share of Andhra in rural roads is Rs. 76 crores, and its share in the other five components is Rs. 142 crores. The figures I am giving are approximate because they are yet to be approved by the Cabinet.

SHRI C. RAMACHANDRAIAH: Sir, for eradication of the poverty, the Central Government is introducing so many schemes with different nomenclatures. What I am trying to bring to the notice of the hon. Minister is that, ultimately, these schemes have to be implemented by the State Governments. The State Governments are in a better position to assess the needs of the local people and to evaluate the poverty conditions. They can formulate the schemes that are suitable to the local people so that the poverty can be eradicated. That is the spirit of co-operative federalism that is being talked about.

So, my question to the hon. Minister is: Will the Government of India consider our proposal to scrap all the Central schemes and send the funds to the States so that the States can evaluate their schemes according to the needs of the local areas?

SHRI ARUN SHOURIE: Sir, that, of course, is a wider question than this, but I will answer that. In fact, there is a proposal about the Growth Centres. It is still only a proposal that is being considered. There are different views. The Ministry may have some views, and the Planning Commission may have different views. No final decision has been taken. But, because of the extremely

slow progress of the Growth Centres scheme, one proposal is that it should be transferred to the States, which will then have a much greater impetus to go forward in implementing them.

Several studies have been made to identify which Central schemes should be transferred to the States. I do not mind sharing them with the House. For instance, in the identification studies made by the Planning Commission, the Commission felt that the schemes of almost Rs. 4,000 crores should be transferred to the States, but the Ministries in vetting their own lists came up with schemes of Rs. 170 crores, which should be transferred. I would like to mention that the matter is not going to be resolved by merely transferring the schemes to the States, because the degree to implement the schemes varies from State to State. States like Andhra Pradesh, Maharashtra, Karnataka and Tamil Nadu are implementing the schemes much more expeditiously. If you transfer the schemes to these States, probably you would have the kind of results that you are thinking of. But, in other States, that may not be the case. Then the demand will come, why are you not, from the Centre, monitoring much more. These are exactly the kinds of matters which are being considered in the Commission. Even as the work is completed *on* the mid-term review of the Ninth Plan and the work begins on the Tenth Plan, this will be one of the main focus points.

SHRI K. KALAVENKATA RAO: Since the Centre has started its; programme of the growth centres in the backward areas like the Srikakulam district, I would like to know how much amount has been spent on the growth Centres and how many industries have come up at that Centre.

SHRI ARUN SHOURIE: On the Vijayanagarm-Bobbili Growth Centre, the Centre has released Rs. 5.4 crores. The State has released Rs. 2.5 crores. The total expenditure has been Rs. 10.37 crores.

As to how many units have come up in this Centre, I will inquire and let the hon. Member know.

DR. ALLADI P. RAJKUMAR: Sir, I would like to know which are the other backward districts apart from Srikakulam and

Mahebubnagar districts, which have been identified as backward in Andhra Pradesh. I would also like to know whether the Government have any revival programme for them and whether the Government have got any special package for the backward districts not only in Andhra Pradesh, but also in other districts in India.

MR. CHAIRMAN: This question is confined only to Andhra Pradesh.

DR. ALLADI P. RAJKUMAR: O.K. Sir, I would like to know whether any special package is being given to the backward districts in Andhra Pradesh.

SHRI ARUN SHOURIE: Sir, out of the 53 districts identified as category A, as the most backward districts, there was none from Andhra Pradesh. Out of the 70 districts identified as category B, Srikakulam and Mahebubnagar were the only two districts so identified. The packages, as I have mentioned, revolve around the eight schemes, which I enumerated earlier.

SHRI NARENDRA MOHAN: Sir.

MR. CHAIRMAN: Are you speaking on Andhra Pradesh?

SHRI NARENDRA MOHAN: Sir I will confine myself to the question.

DR. ALLADI P. RAJKUMAR: Sir, the hon. Minister has not said anything about the special package for the backward districts.
Apart from what the Government has announced, nothing has been implemented.

SHRI ARUN SHOURIE: Sir, two questions were asked. One was on the districts. I have mentioned that only two have been identified. In regard to the question on packages, I have already enumerated the packages for these two districts. There is no other special package directed only to these two districts. The pattern of the devolution of the funds is that the States are-given funds in their Annual Plan discussions and it is for them to identify what schemes to take up and in which districts. If the allocations have not been properly used or if the schemes

have not been properly implemented, I am sure, the hon. Member, with his great influence, would like to take that up with the State Government.

SHRI NARENDRA MOHAN: Mr. Chairman, Sir, the Minister has very elaborately explained the policy behind backward districts and also mentioned about the 74 growth centres which have been given to the country for speeding up industrialisation. But the question is, a part of Andhra Pradesh is naxalite-infested. It is very poor. Not much effort has been made to develop that area. That area is also inaccessible. There is no infrastructure. Is the Minister getting complete support from the State Government in implementing the schemes? What is the exact policy of the Government with regard to those areas in the country which were industrially very forward but have now become industrial graveyards like, Kanpur? How is the Minister going to revive these areas which have become graveyards of industry?

SHRI ARUN SHOURIE: Sir, on the question of Andhra Pradesh itself and other naxalite-infested areas, the Home Minister has mentioned in the House that there have been several meetings with the State Home Ministers, and meetings of other Ministers of the Central Government with the state Chief Ministers and State Home Ministers. The States in which there are areas infested by the Peoples' War Group or any other groups like in Andhra Pradesh and Bihar, various packages have been devised for them. But the Member is entirely right, if an area is having a law and order problem, or, other tensions, as they have, in some of these districts, then, no amount of growth centres or other small schemes can induce the industry to go in just because they get a tax incentive. I am not going to set up an industry to go in just because they get at tax incentive. I am not going to set up an industry if my manager is going to be kidnapped. On that, the Member is completely right. Both sets of Governments have to collaborate diligently. As far as the general question—of industries that have faded away in some centres—is concerned—he mentioned Kanpur as an example—we can take it up. I would love to talk about it.

MR. CHAIRMAN: That needs a separate notice. Question No. 342.

SHRI NARENDRA MOHAN: With your permission, Sir, he can reply.

MR. CHAIRMAN: No. No. Question No. 342.

Loss of Man-Days

*342. SHRI JIBON ROY: Will the Minister of LABOUR be pleased to state:

(a) whether Government's attention has been drawn to **a** ncwsitcm appeared in the Hindustan Times on 9th June, 2000 under the caption Labour unrest causes Rs. 923 crore loss;

(b) if so, what are Government's response to the ASSOCHAM statement that man-days lost due to strikes and lockout had risen from 22.6 million in 1998 to 24.50 million in 1999; and

(c) what are the reasons for the spurt in loss of man-days?

THE MINISTER OF LABOUR (DR. SATYA NARAYAN JATIYA): (a) to (c) A statement is laid on the Table of the House.

Statement

(a) Yes, Sir.

(b) and (c) According to the provisional information available with the Government, mandays lost due to strikes and lockouts has increased from 22.06 millions in 1998 to 26.80 millions in 1999. The increase is mainly on account of increase in mandays lost in strikes and lockouts in the State sphere and in the private sector. The main reason for this is increase in number of workers involved in strikes and lockouts as well as increase in duration of strikes and lockouts.

श्री जीवन रायः मंत्री महोदय, जो एनुअल रिपोर्ट इस साल पब्लिश हुई है, इसमें औद्योगिक क्षेत्र का भयंकर चित्र उभरकर आया है। इस साल की रिर्पोट में खासकर निजी क्षेत्र के उद्योगों का विनाश हो रहा है और मजदूरों का भी विनाश हो रहा है आपके पछले दो दशक के जो आंकडे है,फिगर्स हैं उनमें देखा गया है कि 1992 में सबसे ज्यादा स्ट्राइक हुई थी।